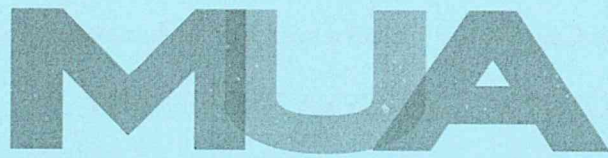


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BMT 302: ECONOMIC DEVELOPMENT

DATE: 9TH AUGUST 2016

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE:

Read the Case Study below carefully and answer the questions that follow:

THE CONTEXT OF KENYA VISION 2030

Kenya Vision 2030 is the new country's development blueprint covering the period 2008 to 2030. It aims at making Kenya a newly industrializing, "middle income country providing high quality life for all its citizens by the year 2030". The Vision has been developed through an all-inclusive stakeholder consultative process, involving Kenyans from all parts of the country. The vision is based on three "pillars" namely; the economic pillar, the social pillar and the political pillar. This vision's programme plan comes after the successful implementation of the Economic Recovery Strategy for Wealth and Employment Creation (ERS) which has seen the country's economy back on the path to rapid growth since 2002, when GDP grew at 0.6% rising to 6.1% in 2006.

The economic pillar aims at providing prosperity of all Kenyans through an economic development programme aimed at achieving an average Gross Domestic Product (GDP) growth rate of 10 % per annum the next 25 years. The social pillar seeks to build "a just and cohesive society with social equity in a clean and secure environment". The political pillar aims at realizing a democratic political system founded on issue-based politics that respects the rule of law, and protects the rights and freedoms of every individual in the Kenyan society.

The Kenya Vision 2030 is to be implemented in successive five-year Medium Term plans with the first such plan covering the period 2008 – 2012.

Required

- a) With appropriate examples (where applicable supported by facts and figures) explain any four economic pillars of development in Kenya. (8Marks)
- b) The aim of Vision 2030 is to make Kenya "middle income country providing high quality life for all its citizens by the year 2030". Discuss how vision 2030 can contribute to this desired status (10 Marks)

- c) Explain the term development (1 Mark)
- d) Discuss three equally important aspects of development (6 Marks)

QUESTION TWO:

- a) Describe the relationship between human & economic development (3 Marks)
- b) Enumerate four ways of Restricting International Trade (2 Marks)
- c) Using Rostow's 5 Stages explain Kenya's economic growth to its current development state (10 Marks)

QUESTION THREE:

- a) It's argued that economic growth has costs. Discuss costs associated with Economic Growth (4 Marks)
- b) Differentiate the following terms as used in Economic development
 - i. Gross Domestic Product and Gross National Product: (2 Marks)
 - ii. Net National Product and Nominal Gross National Product: (2 Marks)
- c) "It is important to distinguish economic growth from economic development"
Discuss this statement; (3 marks)
- d) What role does WTO plays liberalizing international (4 marks)

QUESTION FOUR:

- a) Discuss five factors responsible for wage differentials between occupations (10 Marks)
- b) Discuss the conditions which must be fulfilled in order to achieve the objectives of International Monetary (5 Marks)

QUESTION FIVE:

- a) Explain the meaning of the following terms

- i. Collective bargaining (1 Mark)
 - ii. Economic development (1 Mark)
 - iii. Development. (1 Mark)
 - iv. International liquidity (1 Mark)
 - v. Fiscal policy (1 Mark)
- b) With appropriate examples discuss the extent to which the IMF has achieved its objectives (6 marks)
- c) Discuss the effect of the following on aggregate economic activity.
- i. budget surplus (2marks)
 - ii. Deficit budget (2marks)

QUESTION SIX:

- a) Briefly describe the instruments of a fiscal policy (3 marks)
- b) Define the term; International Commodity Agreements (ICAS) (1 Mark)
- c) What its objective (2 Marks)
- d) How can you measure the following aspects of economic development
 - i. Income and growth (2 Marks)
 - ii. Poverty and inequality (2 Marks)
- e) Evaluate the attainment of the objectives of Monetary Policy in Kenya context. (5 Marks)